



UNIVERSITY OF
LIVERPOOL



GET REAL

SOCIAL VALUE AT WORK IN THE HEART OF KNOWSLEY



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Get Real: Social value at work in the heart of Knowsley

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Foreword

Knowsley CVS (KCVS) has been on a two year journey of redevelopment. During this time we have clarified our purpose while embedding a robust values framework that ensures ethical and actionable charitable activity. This re-development, as for so many, is at least in part, a response to the new age of austerity. But it also gave us the opportunity to prototype a new and more sustainable type of voluntary support charity in response to the changed socio-economic landscape.

As we worked through this process, we identified some shared fundamental beliefs that informed all of our planning:

- 1) The world as the traditional Voluntary and Community Sector (VCS) knew it is undergoing a huge upheaval and... it is never going to return to what it was.
- 2) It is clear that the social sector needs leadership for these difficult times.
- 3) That leadership needs to be bold and authentic if it is to make a real difference.
- 4) We are well placed as an infrastructure organisation to provide that leadership,
- 5) But If we are to place ourselves as leaders we need to be brave and authentic in our actions, activities and advice. In other words, it is time to “*get real*”.

In order to deliver on our purpose, and with these beliefs at our core, we have created an insight led organisation. Our new business model is about making connections, using those connections to gather knowledge, using that knowledge in an ongoing feedback loop in order to prototype and learn. This learning informs all of our charitable activity and product development.

As an organisation that values insight above all, we acknowledged that we didn't know everything. In order to gain needed insight we would need to develop new social learning models and obtain up to date information about the local social sector, its activities and its operating environments. To do this, we needed to find research partners who would be sympathetic to our model as well as being willing to co-develop a different kind of research approach.

We initially reached out to our contacts at the Heseltine Institute at the University of Liverpool. They introduced us to our research colleagues, Drs Moxham and Meehan. With these new colleagues we found immediate understanding of the new KCVS business model, as well as a shared passion for social value. We agreed there was a need for a new kind of research approach that wasn't led primarily by surveys or informed by standard focus groups.

We quickly agreed to share a project that would combine the University's independence and research expertise, with KCVS' extensive knowledge of both social value and the Knowsley social sector. It was about designing something that got us real information, in real time, which was not led by directive questioning or by predetermined outputs. This meant that the research could not be framed by a specific hypothesis in order to not influence either the inputs or the outcomes. We agreed that this would require the information gathering to be curated by a skilled neutral facilitator.

This would allow the research participants to be safe in order to maximize information sharing. It would also then, necessarily, allow for potential negative feedback about KCVS and/or Knowsley.

By not allowing ourselves to be driven by any presumptions about the sector, we have been able to use the research to influence KCVS' ongoing work with regards to new kinds of social learning models. And by sharing a values driven design process with like-minded ethical colleagues, it ultimately made the co-design of the actual research aims very straightforward. In reality, I think we all would agree that the research development process provided nearly as much learning as the actual research.

The research findings have provided both some validation of what we thought about the current status of social sector organisations in Knowsley, as well as highlighting sector support opportunities and gaps. It has also incited thinking about further research. Some of what we learned speaks very directly to the real time issues of increasingly difficult operating environments that include: rapidly decreasing funding, unstable commissioning relationships and uncertain national policy directions. But we also found a sector underpinned by independence, determination, shared beliefs and excitement about mission. It confirmed that in Knowsley there is the ability to use local assets to drive new kinds of services.

The research clearly highlights a need to help the sector navigate the emerging world of social value as well as to help them embed networking in their business practices. This was encouraging to us at KCVS as we had already identified these as key objectives, and were already delivering against them. Most importantly, the research highlighted the very high impact and human cost of fast paced ongoing change in combination with harsh austerity measures and constantly changing policy environments. The research is a viable reminder of what happens when we disregard the people at the heart of communities and social change.

We are committed to sharing this research freely, in the spirit of open data and with a full consciousness about the risks of exposing our own development journey. By doing so we hope to begin to "make real" our own leadership as well as provide important knowledge and information that can inspire voluntary action. We extend our sincerest thanks to both our University of Liverpool colleagues, as well as Jackie LeFevre at Magma Effect, not only for their expertise, but for their ethics.

It is important, I think, to never underestimate the importance of values based partnerships and ethical processes in tackling new kinds of work. The shared passion and ethics we found in our relationship with the University of Liverpool team has laid the groundwork for future collaboration and will allow us to continue to model important, new ways of working.

In the meantime, we shall work together to make voluntary action in Knowsley *real*.

Pamela S Ball

1 October 2015

Contents

	Pages
Executive Summary	7-8
1. Introduction	9-10
2. Contextual Background to the Research	11-14
2.1 The policy context	11-13
2.2 Defining social value – the national picture	13-14
3. Experiences of Working in the Voluntary and Community Sector in 2015	15-24
3.1 Analysing the sector: An overview	15-18
3.2 Making sense of the changes	18-20
3.3 Reach and scope	20-23
3.4 Networks	23-24
4. Leveraging Assets to Engage in the Social Value Agenda	25-28
4.1 Navigating the social value landscape	26-28
5. Concerns and Implications: The ‘Dark Side’ of Success	29
6. Reflections: Social Value at Work in the Heart of Knowsley	30

Executive Summary

This report details a collaborative research project with Knowsley Community and Voluntary Services and the University of Liverpool Management School that explored social value in the context of the voluntary and community sector in Knowsley.

Why this research?

- The *Public Services (Social Value) Act 2012* places a duty on public service providers to consider the overall wellbeing of an area and consult with citizens, customers, service users and other representatives when thinking about what services to commission and how.
- Demonstrating social value could open up new revenue streams, thus improving sustainability for vital locally-focused organisations.
- Against the backdrop of an ever-changing (and perhaps more hostile) funding environment, and diminishing levels of financial and structural support, there are critical challenges to demonstrating social value for voluntary and community organisations, many of which may be facing an uncertain future.

Why Knowsley?

Knowsley defines social value as outcomes, measures and activity that will create strong and well connected public, private and social sectors that enable communities to be more resilient. In particular outcomes, measures and actions that support the growth of the social market to work with the private and public sector are socially valuable for Knowsley. Knowsley defines its social sector in a broad way including the social responsibility of residents, the development of social enterprises and the corporate and social role of the private sector.

Key outcomes and measures for social value in Knowsley are:

- An increase in community resilience including the development of local skills and jobs;
- Reduction in demand for public services;
- The number of, and impact volunteers make in communities;
- The number of new community businesses developed and the impact they have in communities;
- The level of private sector philanthropy and the impact this has in communities; and
- The amount and type of socially responsible decisions that residents make that have a positive impact in their community.

In a report **The Social Value Act - Where Are We Now and Where Do We Want to Be?** the National Council for Voluntary Organisations highlighted Knowsley for its approach to Social Value. This report was disseminated to lead stakeholders at the national Social Value Summit in February 2015.

What did we ask?

The following objectives frame the study:

1. Explore the experiences of working in the voluntary and community sector in 2015.
2. Understand the barriers and enablers to engaging in the social value agenda.
3. Consider the implications of success for voluntary and community organisations.

What are the experiences of working in the VCS in Knowsley in 2015?

- The general picture across participating organisations was one of people trying their best, but inevitably fire-fighting; pressure to adapt to dynamic changes in funding and competition often meant an inability to plan effectively, leading to increased instability and risk.
- Funding, whether grants, commissioning, or other revenue streams, remains the lifeblood of sustainable service delivery, yet the policy landscape was perceived as preventing the necessary long-term view required.
- Many VCOs in the study noted the need for practical help to navigate the complex environment, and respond to the changes needed to survive and thrive.

What are the barriers and enablers to engaging in the social value agenda?

- Definitions of social value and its associated measurement, in conjunction with multiple measurement tools, caused confusion.
- Barriers also included the changing policy landscape, and the difficulty in making sense of these changes.
- Enablers centred on the particular assets that the voluntary and community sector possesses. These included belief and passion, a desire to make a positive difference, empathy, and a willingness to learn.
- Networking and sharing with peers was also identified as a key enabler, particularly for developing cross-sector collaboration and business skills.

What are the implications of success for VCOs?

- Despite many positive, inspirational stories and experiences emerging from the research, it is important to recognise the particular stresses placed on VCOs and on individuals and to consider ways in which these can be addressed.

1. Introduction

The passing of the Public Services (Social Value) Act in February 2012 required all public bodies in England and Wales to consider how the services they commission and procure might improve the economic, social and environmental well-being of society. Whilst measuring the value of public services has been a key element of public sector reform over the past 15-20 years, the requirement to measure the social value of public services is new.

The research project explores social value in the context of the Knowsley voluntary and community sector. It focuses on the voluntary, community, social enterprise and newly defined social value sectors, currently seen as well-placed to provide cost effective, innovative, flexible services in response to local needs. Set against a backdrop of on-going financial constraints, this sector must evidence social value as an economic and legislative imperative. Demonstrating social value opens up new revenue streams thus improving sustainability for vital locally focused organisations.

The research was funded through the University of Liverpool's Knowledge Exchange Voucher scheme which aims to facilitate collaborative research between the University and non-academic partners. The research was co-produced by a research team comprising the University of Liverpool Management School and Knowsley Community and Voluntary Services (KCVS). KCVS is an innovative local support organisation that works in partnership to inspire positive social impact in communities in new and different ways. This research partnership is important as Knowsley ranks as the fourth most deprived area in England¹. It also has pockets of vibrant community activity, with KCVS able to reach over 700 community groups, social enterprises, small businesses and small to medium sized enterprises (SMEs). The potential impact from this research is therefore considerable. It is anticipated that the findings will be valued by statutory and service providers in Knowsley, across Liverpool City Region and have the potential to impact the wider voluntary and community sector.

The objectives of the research were:

1. Explore the experiences of working in the voluntary and community sector in 2015.
2. Understand the barriers and enablers to engaging in the social value agenda.
3. Consider the implications of success for voluntary and community organisations.

As the study examined the relatively new theme of social value, it was exploratory in design and was thus small scale and focused exclusively on Knowsley. To ensure that emerging themes were identified and a conversation with the voluntary and community sector was able to take place, qualitative data collection approaches were used. Three main approaches were employed:

¹ 2010 Indices of Multiple Deprivation

1. Focus group with representatives from the voluntary and community sector in Knowsley.
2. 1-2-1 interviews with 13 representatives from the voluntary and community sector in Knowsley.
3. Interim workshop with focus group and interview participants and additional interested stakeholders in order to continue the research conversation and gain feedback on initial research findings.

KCVS holds a contact database from which research participants were identified and contacted by e-mail. The call for participants was open to all voluntary and community sector service providers that were based in or provided services to Knowsley. In addition to direct invitations to participate via e-mail, KCVS also included calls for participation in their regular newsletters and through social media. 19 organisations of varying size and focus took part in the study for which data was collected between February-May 2015. There was a clear preference for engaging in 1-2-1 interviews rather than focus groups, with only one focus group taking place. An interim workshop attended by study participants and additional interested stakeholders was held in June 2015 in Knowsley. The workshop aimed to continue the research conversation and elicit feedback on the key themes that had emerged from the research thus far. Thematic coding was used to analyse the qualitative data collected, the findings of which are presented in the remainder of this report. When reading the report it is important to acknowledge two important points. Firstly the scale of the study was small and thus the findings may not be generalizable across a larger, more geographically disparate sample, and secondly that the organisations that took part in the study were self-selecting. This approach was adopted in order to begin a conversation about social value with as many voluntary and community organisations as were willing. In consequence, the sample may not be representative of the voluntary and community sector as a whole. Whilst acknowledging the potential shortcomings of the research design, it is anticipated that the findings will shed light on a thus far under-researched and important topic and will be of interest to a broad range of stakeholders.

The remainder of the report is structured as follows:

Section 2. Contextual Background to the Research.

Section 3. Experiences of Working in the Voluntary and Community Sector in 2015.

Section 4. Leveraging Assets to Engage in the Social Value Agenda

Section 5. Concerns and Implications: The 'Dark Side' of Success

Section 6. Reflections: Social Value at Work in the Heart of Knowsley

2. Contextual Background to the Research

2.1 The policy context

The last few years have seen several key pieces of linked legislation that have influenced the delivery of public services. *The Localism Act (2011)*² gave a 'general power of competence' to local authorities. Previously councils could only do things that had been specifically written into the law. The general power of competence allows councils to act in a similar manner to an individual provided it is legal to do so. The Localism Act has six main actions:

- Lift the burden of bureaucracy.
- Empower communities to do things their way.
- Increase local control of public finance.
- Diversify the supply of public services.
- Open up Government to public scrutiny.
- Strengthen accountability to local people.

In 2011 the government launched its white paper: *Open Public Services*³, which outlined how increased choice, decentralisation, accountability and opening services up to a wider range of providers would make more public services more responsive to local needs. The voluntary and community sector occupies a space in between statutory and private bodies and civil society, and thus is in a unique position to engage with localism.

The *Public Services (Social Value) Act 2012*⁴ came into force on 31 January 2013. Often referred to as the Social Value Act, it focuses on how public bodies' commissioning and procurement could improve the social, economic and environmental wellbeing of areas. In many ways, this act reflects the overarching duty placed on local authorities (councils) in the *Local Government Act (2000)*⁵, but extends this duty to a wider range of public bodies, and specifically targets the commissioning and procurement processes. There is still a clear focus on achieving value for money (called 'best value' for councils) from existing legislation.

The Social Value Act requires public bodies to consider the overall wellbeing of an area and consult with citizens, customers, service users and other representatives when thinking about what types of service to commission, the process for commissioning, and the levels of service outcome expected. The Act only covers a certain range of services, but commissioners have been encouraged to consider the principles of the Act across all commissioning activity.

Whilst the intention behind the Act is clear, there are no specific mechanisms or mandated processes to follow. Additionally there is no explicit, detailed definition of what 'social value' is, nor what weight should be given to any potential factors in commissioning when considering how to achieve maximum / best value. This lack of clarity around definitions is a particular issue for the voluntary and community sector,

² <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

³ <https://www.gov.uk/government/organisations/open-public-services>

⁴ <http://www.legislation.gov.uk/ukpga/2012/3/enacted>

⁵ <http://www.legislation.gov.uk/ukpga/2000/22/contents>

given the strong drive towards commissioning, as it creates a barrier to understanding how to best communicate what social value the sector can add.

Together, these pieces of legislation articulate a clear policy intention around devolving responsibility for commissioning or procuring services (although confusion persists as to the difference between these two processes) to communities and individuals, engaging people in the processes of designing and delivering services, and opening up more services to competitive processes and wider delivery. The voluntary and community sector already has a significant role in this opening up of public services to involvement from non-statutory organisations, and the policy intention appears to be to extend this involvement. Whilst the label 'Big Society' is no longer often heard, it was clearly intended to mean that the sector would play a greater part in delivering services and helping to meet social needs. Whether this results in a sensible rebalancing of the local economy away from over-reliance on public sector employment for GDP creation, or instead delivers a shrinking state and an expectation that charities and voluntary organisations will 'take up the slack' remains to be seen, and is strongly dependent on local context.

"You have to get used to firefighting and doing a lot with a little."

Interviewee F

However, these national policy goals need to be set in the context of significant budgetary restrictions for all public services, and in particular local authorities. Core budgets from central government have been cut by over 40%, and council tax has been frozen for several years. Cost pressures such as caring for an ageing population, and the impact of welfare restrictions have created a highly challenging environment for public services. The Local Government Association (LGA) estimates that funds available for delivering many popular public services will have shrunk by 66% by 2020, equating to a £10bn funding gap, yet the expectations on public services are only increasing; public services are expected to deliver 'more for less'⁶.

It is not just the statutory sector that is suffering. Data from the National Council for Voluntary Organisations (NCVO)⁷ estimates that total local and central government spending on voluntary and community sector activity has fallen by some £2.3bn between 2009/10 and 2013/14, a fall of just over 15%. The balance between grants and contracted income has also shifted dramatically. In 2002/3, just over half (51%) of sector income came in the form of grants. By 2012/13, grants accounted for just 16.5% of all income. These spending levels hide a wide variation between sub-sectors, with spending in employment and training, culture and recreation and community development subject to the largest cuts. The move towards contract regimes has been accompanied by stricter reporting requirements that add extra pressure to the sector. From our research we found that non-statutory funding sources are now fewer than before, and harder to access. A number of smaller organisations talked about the difficulty gaining the skills needed to secure funding, that feedback from funders was

⁶ Source: *Future Funding Outlook* available at www.lga.gov.uk

⁷ Source: NCVO Civil Society Almanac 2015 available at www.data.ncvo.org.uk

not often forthcoming, and how funding requirements were becoming increasingly challenging.

Funding is therefore triply challenged: i) central and local government is scaling back spending, ii) non-statutory funders are more restricted, and iii) there has been a widespread move away from grants and towards performance-based contracts. These pressures: demographic, financial and institutional, are combining to create a harsh environment for the public and voluntary sectors alike.

“I think that this is the worst I have seen; I saw it through the 80’s and this is worse.”

Interviewee F

2.2 Defining social value – the national picture

As has been outlined above, the level of demand and expectation on the sector has increased, at the same time as funding model shifts away from grants and towards contracts, and in parallel with overall funding cuts. The requirements presented by the 2012 Social Value Act create a need to understand what social value is, and how it might be measured. There are no simple answers to these two questions.

One possible response might be to use the Social Return on Investment Model (SROI), which seeks to replicate the commonplace private sector method of evaluating investment by a business with regard to the turnover and profit it generates. Yet simply transferring models and practices from the private sector is not without challenges. Cases such as Enron and more recently LIBOR rate setting, VW’s gaming of emissions figures and Tesco’s overstating of profits demonstrate that even within the private sector, these models cannot be used uncritically. Smaller organisations in the VCS may be disadvantaged by formally structured models due to their lower staffing levels. Further questions may also be raised about the intellectual suitability of such models for charitable and voluntary activity that is not aimed at generating profit for shareholders. Knowsley has also developed its own model of social value outcomes and measures, however, although evaluating this was not a part of the research.

A Demos⁸ report in 2010 identifies the key aspects of social value as assessing the non-financial contributions, often called ‘soft’ outcomes; these are difficult to quantify. The organisations we spoke to have witnessed the move towards quantifying and reporting performance over the last fifteen or twenty years. This has been driven by funder requirements and has been criticized by the voluntary and community sector, although mainly interviewees were more positive about the experience. Several people used the term ‘professionalization of the sector’, and believed that this had been helpful, although the resource requirements for this reporting can also be a significant challenge, particularly to voluntary and community organisations, which tend to have lean staffing levels.

⁸ Measuring Social Value: The gap between policy and practice, available at www.demos.co.uk

“[Funder reporting requirements] an absolute nightmare. Weekly reports, monthly reports, get up in the middle of the night reports [...]”

Interviewee F

Whilst the SROI models nominally give a quantified, monetary value to a programme or intervention, it is not clear how useful this information always is to commissioners. For example, if the value is generated in another organisation, it can be difficult for commissioners to directly use the value generated by an intervention to support their own objectives, which are often strongly driven by financial imperatives.

This challenge is hardly new: costs are often passed up or down a value chain in public services. Changes to acute hospital admissions for older people often have an impact on social care budgets, and the monetary costs of social cohesion failures driven by, say, reductions in community or youth work may be borne by the police or other bodies, rather than the services that have been withdrawn or scaled back. However, the increasing weight placed on SROI and related measures in the commissioning process constitute a substantial change in principles and practice.

Several national organisations have attempted to clarify models for assessing social value, with varying degrees of success. Most of them, however, attempt to place a numerical or monetary value on these often intangible benefits. This research sought to increase our knowledge of social value from an experiential basis: i.e. what does it feel like for voluntary and community sector organisations at the moment?

3. Experiences of Working in the Voluntary and Community Sector in 2015

By using qualitative data collection approaches, we were able to engage in detailed conversations about how it feels to work in the voluntary and community sector today. Several key themes emerged from across the responses:

- **Anger** at injustice and **passion** for change.
- Funding: plurality and changes to grants, contracts and commissioning.
- The 'journey' of organisational maturity.
- The increasing 'professionalization' of the voluntary and community sector.
- Tensions between independence and 'corporateness' of voluntary organisations.
- Increasing role of voluntary and community sector in 'delivery services' rather than meeting need.
- Increase in volunteering and its use as 'gap filling'.
- Weaker local networks and ties.
- Motivation: '*Making a difference.*'

Whilst we might have expected some of the above themes to emerge, validation of these views is always welcome, and some new perspectives have begun to emerge and crystalize.

Broadly, we can split these key themes into:

- Motivations for starting and continuing a VCS organisation.
- External changes – funding and expectations.
- Internal changes – how organisations have developed/changed (or not!).

These themes will be picked up and explored in more detail in the remainder of this report. There are some very consistent messages about people's motivations for starting a voluntary or community sector organisation. Much of the time, this was driven by anger or frustration at an injustice, and a realisation that if they didn't do something, nothing would change. This motivation of 'making a difference' to people's lives is what frames most of the interviews we conducted. The nature of changing financial circumstances (and funder expectations) dominated the discussion around the external environment. Amongst the organisations that were started locally, the story of their journey was characterised by the ability, and sometimes inability, to adapt their internal workings and structures as they become larger.

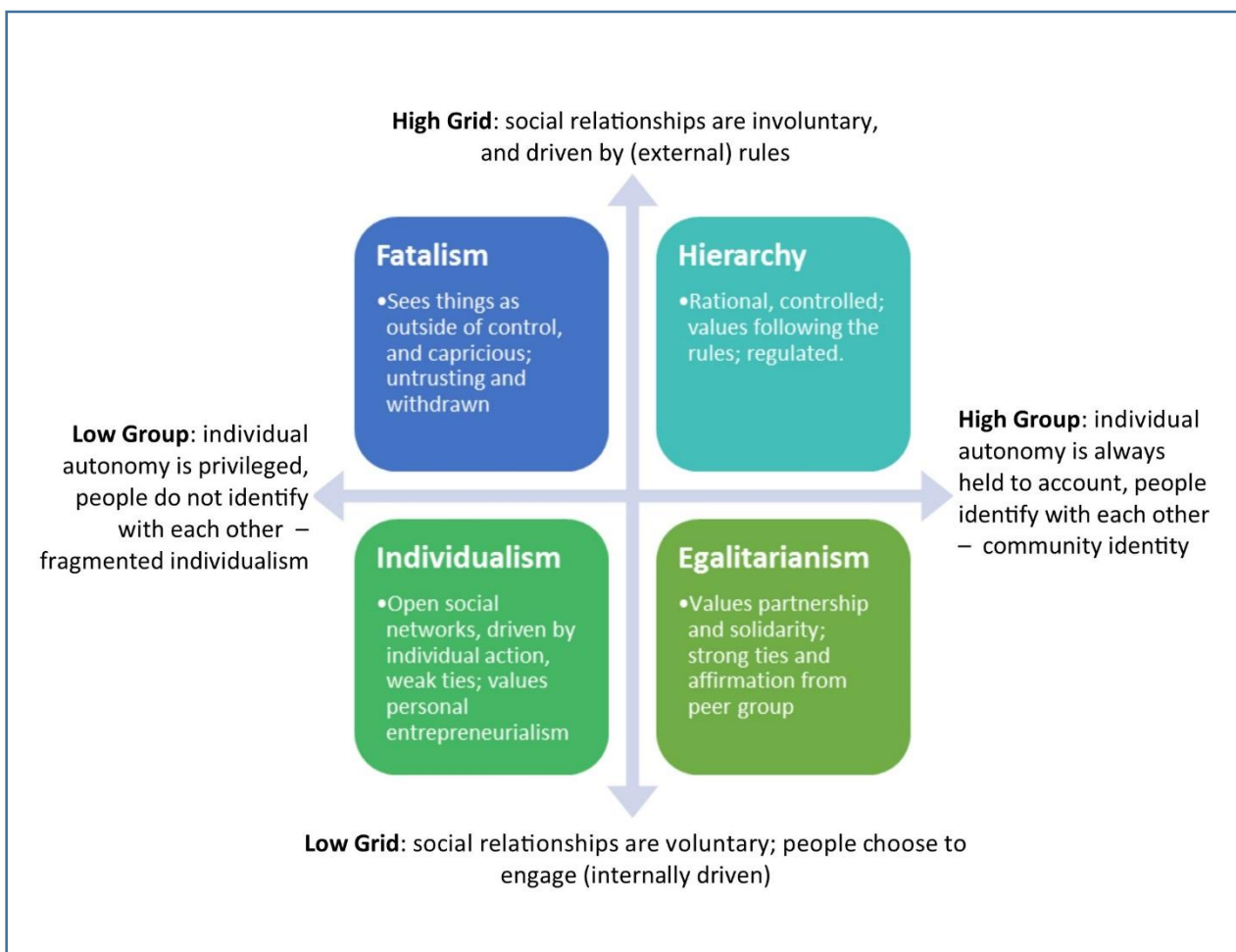
3.1 Analysing the sector: An overview

Anthropologist Mary Douglas originally developed grid/group theory in the 1970s as a mechanism for understanding African tribal practices. She then began to apply the model to contemporary cultures. Working with others, notably Aaron Wildavsky, she developed the model into a theory for analysing cultural 'bias', or cultural preferences, in any community or communities.

The model (illustrated as Figure 1) uses two axes to analyse cultures and split them into subcultures. First is the 'grid', or the extent to which cultures are dominated by rules and regulation. High grid cultures are strongly defined by rules and structure; low grid cultures are more individualistic and self-regulating. The 'group' refers to the pressure to belong within a community, and the group axis shows the extent to which the community controls participation. High group cultures value solidarity and community, low group cultures are individualist, and value personal entrepreneurialism.

This two-by-two model gives four dominant cultural preference types or subcultures: fatalism, hierarchy, individualism, and egalitarianism. It is important to recognise that these subcultures are not goals or targets, but ways of trying to understand the world as it is.

Figure 1: Grid group theory⁹



⁹ Model adapted from Douglas, M. (1996). *Natural symbols: explorations in cosmology*, 2nd edition, London: Routledge [originally published in 1970]. See also: Spickard, J.V. (1989) "A guide to Mary Douglas's three versions of grid / group theory", *Sociological Analysis*, 50:2 for a good summary of the model's development

Douglas and Wildavsky¹⁰ suggest that each subculture has a specific set of preferences in how they act, what they value, and how they view the world. They also argue that all of these subcultures co-exist and they are most interested in conflict between them. This perspective of how these subcultures interact and come into conflict is what is interesting here when used to examine the voluntary and community sector.

Traditionally, statutory bodies like councils would sit quite firmly in the **hierarchy** subculture. They (in theory at least) are rational, and have a strong preference for following the rules, albeit rules they themselves have created. There is a sense of a corporate identity or community, and regulation is a key tool. Hierarchies usually wish to exert a strong control over events and practices.

Voluntary and community sector organisations are most commonly like the bottom two subcultures: **individualism** and **egalitarianism**. The individualism subculture is competitive, and has weak social ties. It is fragmented, and prefers self-regulation. Personal drive and entrepreneurialism is valued, and success is measured by individual achievement and success in the field. These traits have both negative and positive aspects. Organisations akin to this subculture are effective at working in competition, but sometimes this has to come at the expense of another group. For example, when funding is limited, one group winning a bid stops other groups from receiving that funding. Many of the smaller, more focused organisations were like this: driven by a strong, individual leader, and many had strong stories to tell about securing funding and other resources. Personal resilience was a common trait to emerge from the interviews.

Egalitarianism, on the other hand, has strong social ties, and values networking, solidarity and gets approval from within the peer group. Broadly it aims to work with others on joint goals, but this can be at the detriment of individual organisational success or independence. There is pressure to conform, and strong enforcement of boundaries may arise. This type of behaviour can emerge where a dominant consortium or group crowds out others. There were some perceptions amongst the research participants that there is an inner circle of organisations that are more closely engaged with commissioners than others. In some cases, people were more cynical about the degree to which some organisations were excluded from this circle.

“Even when you are talking about working in collaboration it feels a bit cliquy, if you are in, you hear about it, but if you aren’t you don’t hear about the new funding streams etc.”

Interviewee G

¹⁰ Douglas, M. and Wildavsky, A.B. (1993) *Risk and culture*, London: University of California Press Ltd. See also: Wildavsky, A. (1987) “Choosing Preferences by Constructing Institutions: A Cultural theory of preference formation”, *The American Political Science Review*, Vol. 81, No. 1. and Stoker, G. (2004) *Transforming local governance*, Basingstoke: Palgrave Macmillan

We do not seek to make any value judgements about whether individualism or egalitarianism is better. We are simply making observations about themes emerged from the interviews. In fact, it is very likely that not only will all of the types of subcultures exist in the voluntary and community sector, all of them probably need to exist. Society benefits when hierarchies are challenged by strongly individual and competitive forces in order to tackle unmet social needs and injustice. An interesting question for the commissioning process is how do commissioners retain the diversity of organisations and service delivery that exists, and avoid reducing policy and practice to a 'cookie-cutter' mentality, where everything has to be the same?

Egalitarianism can also work to temper the more competitive aspects and encourage groups to work together. In the interviews, there were some interesting examples of organisations giving up control of certain types of services or decision making, and taking a longer-term view about where the organisation needed to go. There were one or two examples of voluntary organisations directly influencing commissioners, and not simply passively waiting for a tender to be sent to them. Some voluntary and community organisations that had moved towards more developed forms of governance, i.e. trustees and steering committees, tended to advocate this type of preference, although there were some notable examples where it had become necessary to change governance procedures, members and the internal culture because of inability or a lack of desire to change to meet new challenges.

“The board were going through a state of transition, not in the best way either I would argue, inappropriate people in the roles which was challenging and we had to work through that. So staff, you change the culture and the staff do one of three things, leave, stay and whinge, or embrace it.”

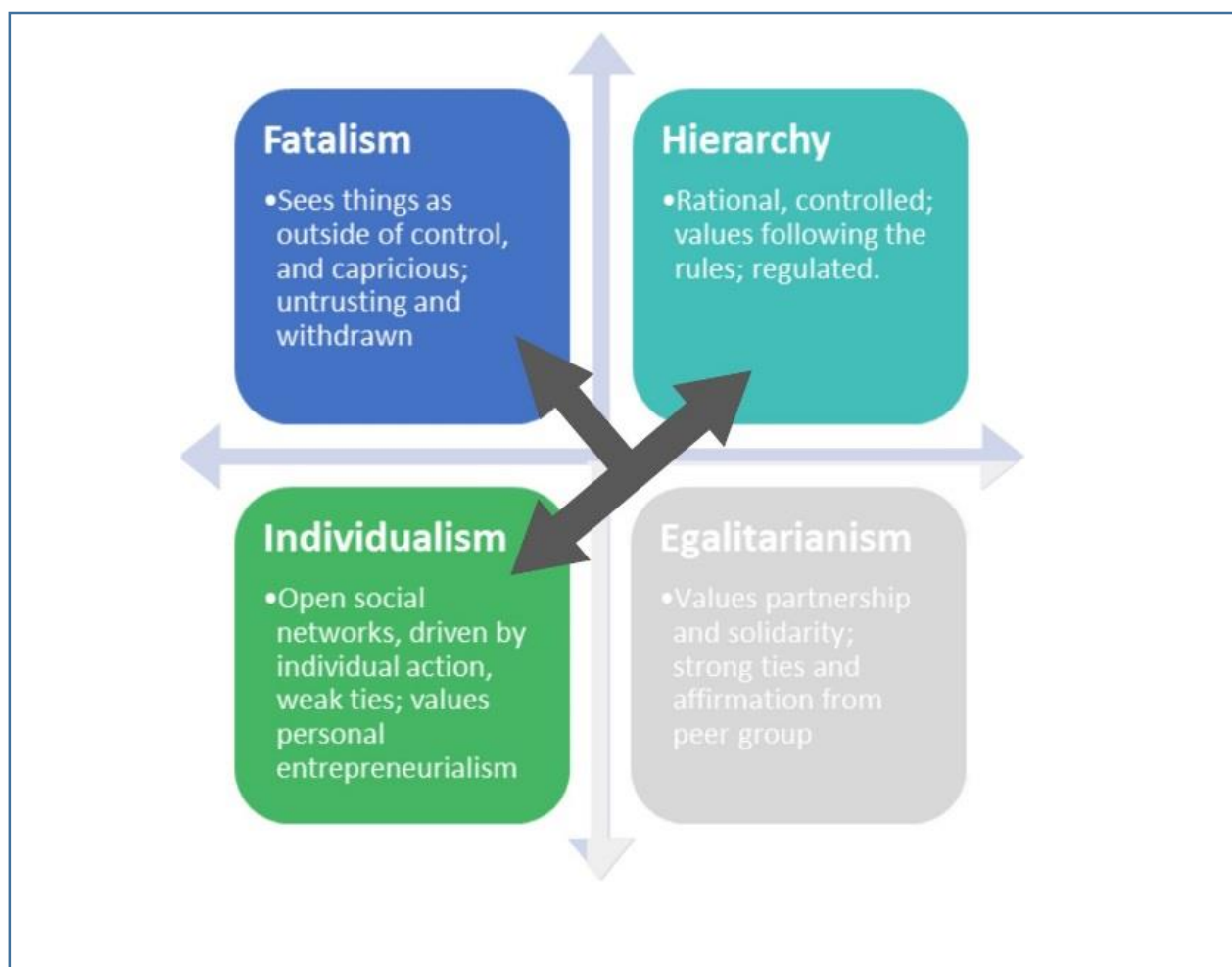
Interviewee I

3.2 Making sense of the changes

A clear message from the research, and from academic and policy papers, is that the sector has undergone a significant degree of change; in fact, it could be argued that change has always been the norm for the sector. There is a high degree of diversity in the sector. Some voluntary and community organisations are single issue, focused entities, whereas larger charity organisations are also classed under the same umbrella, yet operate very differently. Sector developments have affected different organisations in different ways, and the responses of individual organisations have also greatly differed. Crudely put, some voluntary and community organisations had more of a focus on the sustainability of the 'enterprise' and others placed more on 'social aspects'. All tended to agree, however, that substantial change was taking place, and there was a definite sense of winners and losers.

From our observations and analysis of the interview and focus group data there appear to be some patterns emerging in terms of how organisations were responding to changes. Whilst the majority of research participants fell more or less into one of the camps of either competitive individualism or community egalitarianism, the policy and funding environment was provoking some potentially significant changes – with some moving towards fatalism or individualism, and some perhaps becoming more hierarchical (illustrated as Figure 2).

Figure 2: Changes observed



A few organisations we spoke to seemed to have drifted into a ***fatalistic*** mode of thinking – a feeling that ‘the world is changing, we don’t have any control, it’s all in the hands of funders and commissioners etc.’ This seemed to be made worse by the weakening of social ties and networks, or ‘social capital’ as we might call it. Whilst it depended on the nature of the project or services offered, there were comments about the loss of networking and support opportunities. This was most often framed as a loss in support from peers, sometimes driven by the overwhelming pressure on finances and resources, or by funder expectations – we discuss this more in section 3.4. This was not perhaps a widespread phenomenon, but presents a worrying picture for long term sustainability, which was perhaps the biggest shared concern for all interviewees.

There was a general sense that weakening ties and significant financial/resource pressures were making organisations become more introspective and focus on their own services or interventions, as well as having to deal with increasing demand and fewer resources to meet that demand. This was driving some towards the ***individualism*** subculture, and promoting a sense of competition that had previously not been so acute.

Organisations that felt more confident about the process had generally been through a process of developing their governance and structures. This was often described as painful but necessary. There was much discussion of the stages of maturity development organisations needed to go through, and this is picked up in more detail in section 4 of the report. Few people who started their organisation did so because they wanted to run an organisation or write a safeguarding policy; they did it because they were compelled by an injustice, or to help a part of society that was being overlooked. Most of the groups we spoke to had grown, sometimes quite quickly, yet in some instances their development had not matched their growth. The support they needed also varied from stage to stage, and almost all groups said they struggled with developing their own internal organisational structures and systems. Changes in structures and systems, including more sophisticated governance, became highlighted by movement away from writing grant applications and towards the need to write tenders to win bids.

“[...] to write all the tenders and that is how you succeed, you can have a fantastic product but if you can't eloquently describe it in a tender, in a way that the commissioners understand, and know your way around numbers [...]”

Interviewee I

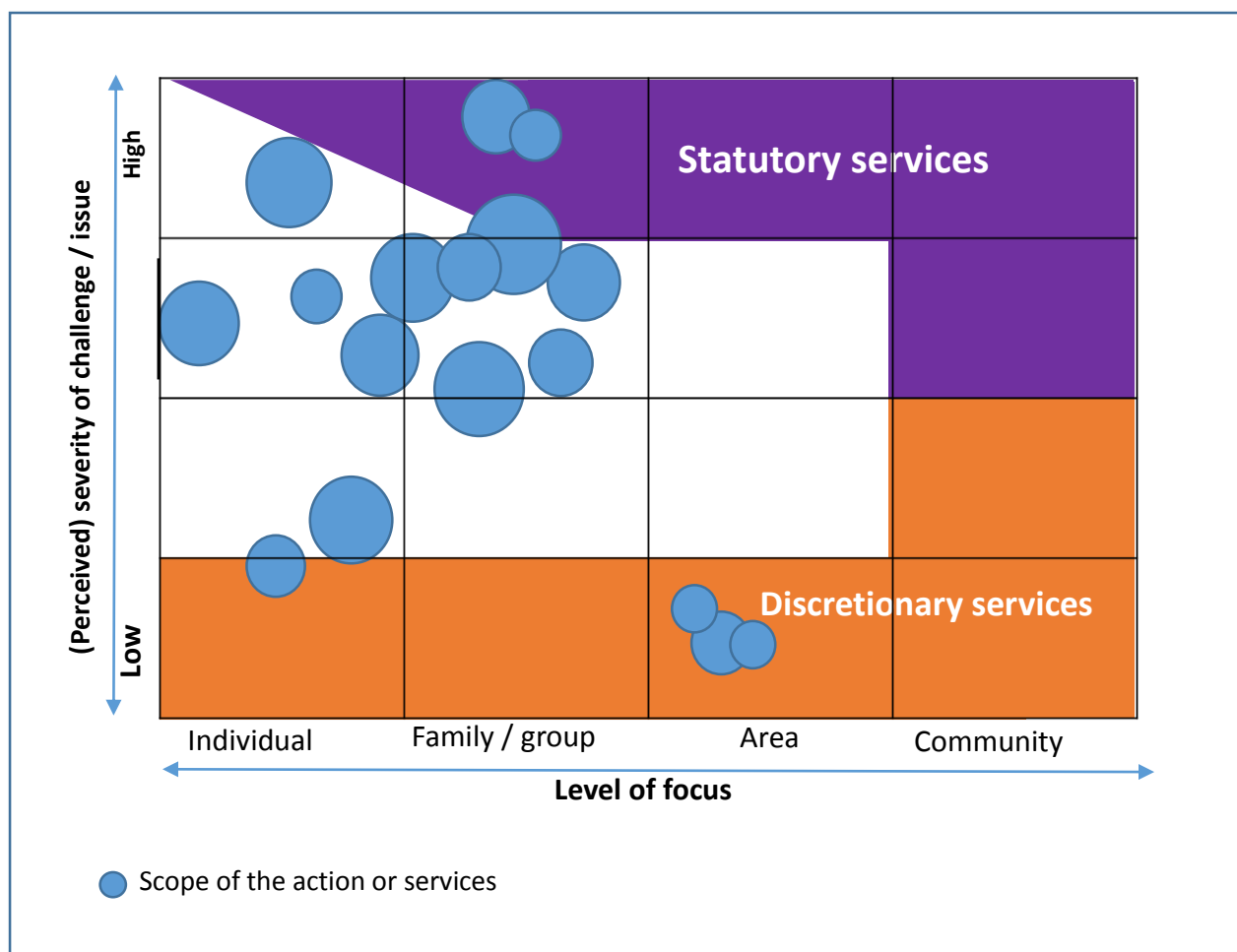
The more positive interpretations of this finding relate to the forms of intra-organisational structure and processes, and there was general agreement that these developments in infrastructure and systems were necessary, and viewed as a positive. However, the more negative aspects of these changes translated into a concern from quite a few organisations that they were becoming ‘corporate’. A word used fairly often, generally to signify a loss of distinctiveness and purpose – moving towards ‘delivering services’ rather than meeting need. This notion of identity and independence became more important in smaller voluntary organisations, and ones more concerned with being ‘outside the clique’, although a sense of vague worry about becoming ‘too corporate’ permeated quite a few, including some of the larger organisations.

3.3 Reach and scope

One of the side effects of the financial restrictions mentioned in section 2.1 has been that the nature of local authority engagement with the sector has changed. To place some context around this, the size and focus of the organisations studied was plotted as Figure 3. On this matrix, one axis describes the level of severity of the challenge or issue that the organisation deals with. This is a subjective measure, and recognises the diverse breadth of voluntary and community organisations. All are equally valuable to the people that use them, but the likelihood of being commissioned varies with the type of intervention or service.

The second axis describes whether the services are focused on an individual, family or group, area or community basis (community here means borough-wide) The organisations that participated are plotted as blue circles against this matrix, and the size of the circle also attempts to give an indication of the size of the organisation. An indication of the overlap with local authority statutory and discretionary services is also given. This is merely a rough indication for illustrative purposes.

Figure 3: Mapping the sector

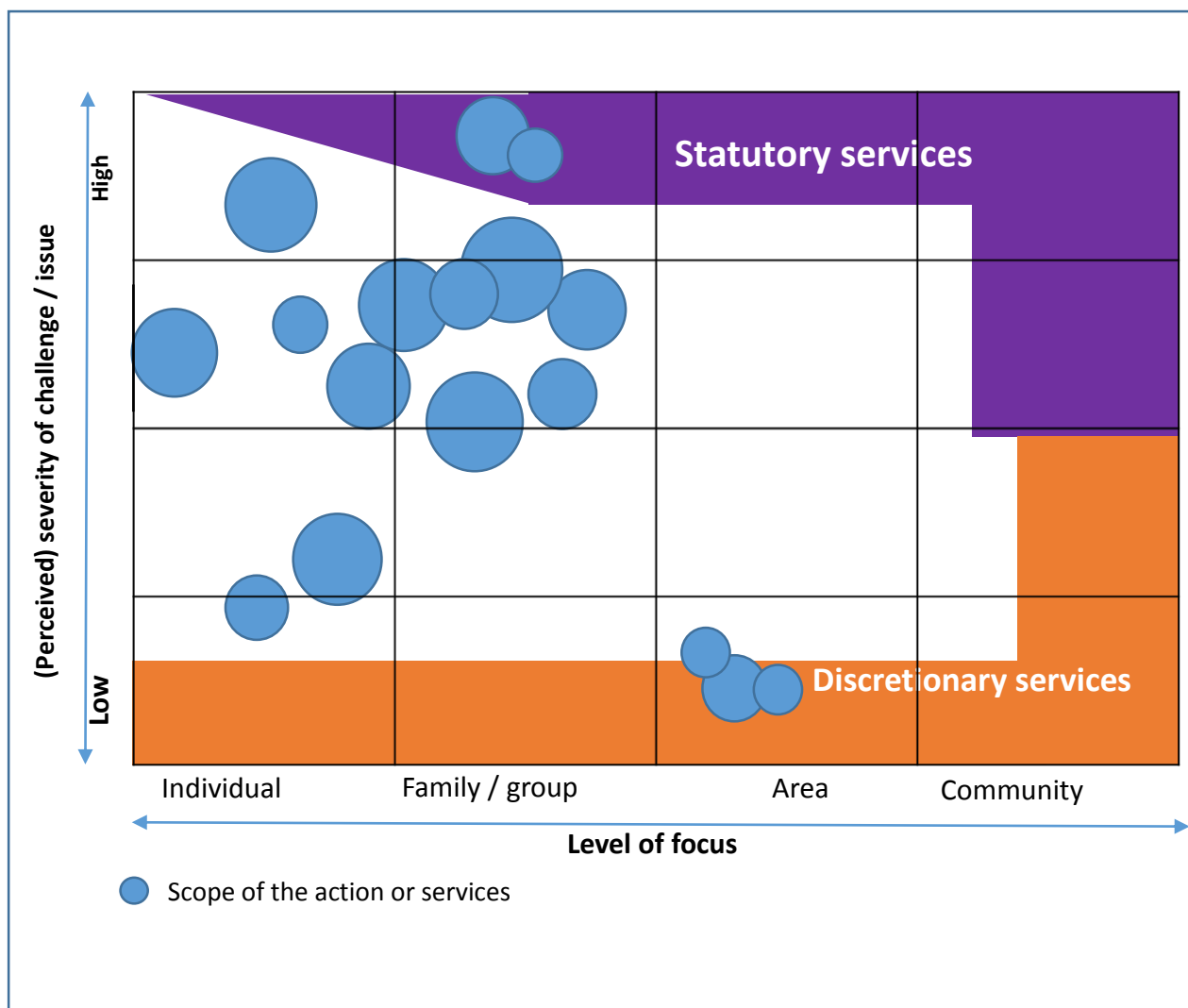


As can be seen, there is a strong ‘individual’ element to the action or services delivered by the participating organisations. They predominantly cluster around moderate to high ‘severity’ and in the individual and family/group level. There is some crossover with both statutory and discretionary services, but the majority of the groups or organisations are addressing unmet levels of need.

The scaling back of local authority service delivery as described by voluntary and community organisations¹¹ has meant that some of the groups have effectively picked up previously discretionary activity, and others have moved into delivering statutory services on behalf of the local authority. Comments from interviews suggested that cuts to local authority funding has also meant that in some cases, voluntary organisations are not only competing with other groups in the sector for accessing external funding, but also with the local authority. Whilst there was some pragmatic acceptance that competition was generally like to increase, and this was unavoidable, the size, staffing levels and ability in strategy writing etc. is likely to give councils a significant advantage when competing with the voluntary sector. Figure 4 illustrates the impact of the scaling back of local authority service delivery.

¹¹ It should be noted that this stage of the research did not involve the local authority, who may have a different perception of this process

Figure 4: Impact of scaling back of local authority service delivery on Knowsley VCS



"[...] there has always been grant competition, [...], but it has become more prevalent because of huge public sector funding cut backs and that means huge changes in the way that the public sector works; and elements of the public sector become trusts in their own rights, and they are doing it as they feel like success lies in indirect government funding as it gives them access to charitable trust and Lottery funding that they haven't had before. They are our funding sources, and all the local authorities are doing it, or have already done it."

Interviewee K

Voluntary and community sector organisations have historically always relied on significant levels of volunteering activity, and there were references made to the increased professionalisation of volunteering, with almost all organisations reporting now having stricter vetting and training policies, and some organisations having formalised and accredited training and development for volunteers. In several cases, this was felt to be a strongly positive move, and was facilitating volunteers who had felt excluded from the job market being able to reengage, which naturally brought a host of benefits to them and their families.

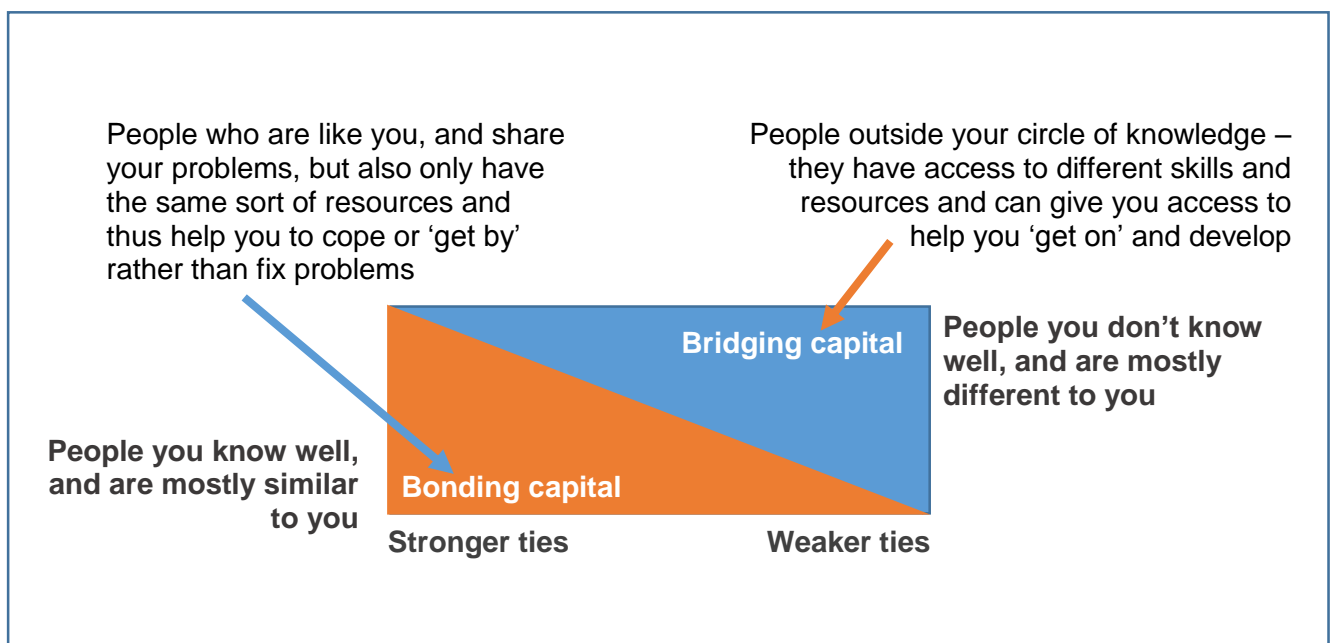
However, we also noticed sometimes participants felt volunteers were being used to replace formerly paid statutory staff, and there were some cynical perceptions of this being presented as a positive – more engagement with residents – when actually it was a cost-cutting move. Again, these are reported perceptions only, rather than quantified evidence from the local authority or NHS bodies.

3.4 Networks

Networks and social capital emerged as a key theme throughout the research. In *Bowling Alone: The Collapse and Revival of American Community*¹², Robert Putnam discusses the difference between ‘bonding’ social capital and ‘bridging’ social capital. Social capital is generally used to refer to the ability to draw upon skills, resources, support, information, contacts etc. from within a network or networks.

Putnam’s distinctions are useful here: ‘bonding’ capital links you with your peer group/community, whereas ‘bridging’ capital reaches out beyond the people you normally contact, in order to access different skills or resources (see Figure 5). Putnam quotes sociologist Xavier da Souza Briggs, who says that bonding capital helps you ‘get by’, whereas bridging helps you ‘get on’.

Figure 5 different types of social capital



¹² Putnam, R.D. (2000) *Bowling alone: the collapse and revival of American community*, New York: Touchstone

According to Putnam, people in your social circle (in the broader sense) who share your background, context, problems etc. also are likely to have access to the same sorts of resources and cultural / social capital as you do, and be more strongly tied to you. Therefore, their benefit to you in terms of social capital is providing emotional and practical support that helps you cope with problems. People outside your circle are likely to be able to access knowledge, skills and capital that you do not have, and thus provide opportunities for you to 'get on', i.e. access new opportunities or make new contacts.

Overall, it felt like both bonding and bridging capital were becoming poorer. In the research, we observed a weakening of bonding capital – some people tended to feel more isolated and that support networks had begun to fragment. In conversation, it was this bonding capital – the lack of emotional and personal support – that people felt most keenly had been lost. Some also discussed the fact that 'bridging' had not been developed – that they felt less able to reach out beyond their usual boundaries for advice, help or access. This was particularly acute in interviews where the perception of a commissioning 'clique' emerged. These notions of personal resilience are also explored in section 5 of the report.

There were some positive examples of bridging taking place, however. Some gave examples of groups reaching out to different geographical areas, or national issue-related networks in order to bring skills in. One group discussed securing agreement from a national charity operating in the same domain to loan out their bid writer. This was initially rejected, but the Knowsley based organisation was able to make the case that the funding pots the two organisations would bid for would be different. There were also some good examples of using bridging capital to influence commissioners, and we believe that there are some valuable lessons here that could be shared amongst the wider voluntary sector community.

Overall, we could argue that both forms of social capital would benefit from attention. Challenging financial conditions mean that emotional support can be vital, and bringing in outside skills or resources can help to remove potential barriers to success.

4. Leveraging Assets to Engage in the Social Value Agenda

The previous sections examining policy and its implications for the voluntary and community sector in Knowsley are an important backdrop against which to examine the social value agenda. As noted, the *Public Services (Social Value) Act 2012* requires public service providers to consider the overall wellbeing of an area and consult with citizens, customers, service users and other representatives when thinking about the types of service to commission, the process for commissioning, and the levels of service outcome expected. The changing funding environment and diminishing levels of financial and structural support make for an uncertain future for many of the voluntary organisations involved in the study. Interviewees talked about the changing nature of service delivery in light of funding cuts whereby signposting was becoming more prevalent than actually delivering a service, and would appear to raise questions about how such activity can be measured in the context of social value.

“Every agency seems to be doing the signposting and referring, but there is nobody to refer to.”

Interviewee I

Whilst there is a lack of clarity in the literature and in practice around what constitutes ‘social value’, our research identified a further challenge in that to identify and evidence social value, voluntary and community organisations must often leverage assets and develop new skills at a rate that often pushes them outside of their ‘comfort zone.’ We began to identify a ‘line of sight’ in which over time voluntary organisations moved from being focused on the immediate future to being able to develop and execute medium to long term plans.

Of course, this was not the situation for all of the organisations in the sample and this may not be a linear relationship. There is nothing in our study to suggest that if you move from a pre-start-up phase through to start-up that you will naturally move on to a growth phase. However, when documenting the journey of the voluntary organisations, for many we saw a continuum constituting differing phases of development in which assets were leveraged and skills were developed. Table 1 provides an overview of these phases, the emotions noted during each phase, the focus of each phase and associated assets.

Table 1: Voluntary organisation development continuum

Phase	Emotions	Focus (line of sight)	Organisational Assets
Pre-start-up	Determination	Engaging supporters	Clear identification of need
	Trepidation	Finding facilities	Flexibility
	Unfamiliarity	Developing confidence	Desire to make a positive difference
Start-up	Excitement	Identification of funding streams	Willingness to learn
	Commitment	Developing vision or mission and/or objectives	Empathy
	Isolation		Knowledge of community
			Support from community
			Belief
Growth	Satisfaction	Developing the organisational structure	Unparalleled understanding of context
	Confidence	Competition for resources	Development of 'technical skills'
	Uncertainty		Trusted support networks (formal and informal)
	Fatigue	Potential for scope drift – providing 'all things to all people'	Partnerships
	Disappointment		
Maturity	Independence	Managing instability of funding streams	Organisational structure
	Legitimacy	Constant change	Confidence
	Sense of community		Continually responsive to need
			Resilience

4.1 Navigating the social value landscape

In recognising the journey that many of the organisations involved in the study had taken, it is important to note that all were able to discuss social value at each phase. We saw how the overarching desire to make a difference enabled voluntary organisations to demonstrate their impact to a wide audience. Organisational assets such as belief, a desire to make a positive difference, empathy and a willingness to learn appeared to be crucial in getting the organisation up and running and then continuing to communicate the value of the service.

"I didn't have a lot of confidence as I didn't know anything. I just wanted to have a few mums and a few kids to have somewhere to go of a weekend."

Interviewee D

"Making a difference [inspires me to do my job]"

Interviewee A

"I love the sport, knew the area and it helps keep kids off of the street."

Interviewee L

Furthermore, we saw how over time the focus and line of sight that enabled organisations to push outside of their comfort zone were translated into organisational assets. For example, organisations that focused on engaging supporters and establishing local facilities were later able to leverage assets based on local knowledge and community support. A focus on funding streams and developing a mission grew into a focus on networks and skills assets at a later date. Table 2 demonstrates this transition from focus to organisational asset.

The assets of the voluntary sector seem to play a large part in the navigation of the social value landscape. They enable voluntary organisations to crystalize their *raison d'être*, which can then be communicated to stakeholders. These assets also provide the individuals within voluntary organisations the drive and determination to succeed through making a difference. That is not to say that such assets go unnoticed in the private sector. Our findings, however, indicate that as long as the longevity of voluntary organisations is predicated on their ability to demonstrate the value of their work, the assets that we have identified remain of critical importance.

Table 2: Developing organisational assets

Phase	Emotions	Focus (line of sight)	Organisational Assets
Pre-start-up	Determination	Engaging supporters	Clear identification of need
	Trepidation	Finding facilities	Flexibility
	Unfamiliarity	Developing confidence	Desire to make a positive difference
Start-up	Excitement	Identification of funding streams	Willingness to learn
	Commitment	Developing vision or mission and/or objectives	Empathy
	Isolation		Knowledge of community
Growth	Satisfaction	Developing the organisational structure	Support from community
	Confidence	Competition for resources	Belief
	Uncertainty	Potential for scope drift – providing ‘all things to all people’	Unparalleled understanding of context
	Fatigue		Development of ‘technical skills’
	Disappointment		Trusted support networks (formal and informal)
Maturity	Independence	Managing instability of funding streams	Partnerships
	Legitimacy	Constant change	Organisational structure
	Sense of community		Confidence
			Continually responsive to need
			Resilience

5. Concerns and Implications: The 'Dark Side' of Success

Despite many positive, inspirational stories and experiences emerging from the research, it is important to recognise the particular stresses placed on VCOs and on individuals. Many VCOs have seen their services diversify and demand grow, particularly in recent months. The reasons for this increase in demand include word of mouth, stretching of service boundaries to continue provision as people progress through a journey of needs, and crucially as the local authority provision of discretionary services decreases. The scaling back of local authority services, as discussed in section 3.3, is giving rise to an increasing number of people in need at grassroots level. The visible increase in demand only represents those people who feel able to seek help or engage in services; the hidden danger is that others may become increasingly vulnerable if they fail to be proactive in seeking out new service providers. The growth in VCOs represents a dichotomy; on the one hand a vibrant, growing social sector is welcomed. Yet on the other, if this growth represents growing social needs and vulnerability it further underlies deep-rooted issues in communities. Considering VCOs often stem from anger and injustice (see section 3), the growing demand could be interpreted with concern.

The rapid increase in demand for VCO services creates organisational strains. The tensions are palpable and range from funding and resource limitation, buildings and physical resource constraints, and quandaries regarding the development of a strategic commercial focus to secure sustained revenue versus using stretched resources to deliver day-to-day services. The general picture across the organisations involved in this study was one of fire-fighting; pressure to adapt to dynamic changes in funding and competition coupled with an inability to plan leading to instability and risk. Funding and revenue remain the lifeblood to secure sustainable service delivery, yet the policy landscape was perceived as preventing the necessary long-term view required as organisations move from one short term tender to another. Many VCOs in the study noted the need for practical help to navigate the complex environment. Examples including practical support with bid writing, governance structures, financial planning, business planning and forecasting were given.

In addition to the organisational tensions identified, the individuals involved in the sector are experiencing some genuine personal strains. Stress, isolation and frustration were common emotions and feelings experienced by the study participants. The negative personal impact is heightened by the nature of voluntary organisations as many felt unable to walk away (albeit no one actually suggested they wanted to) because they felt responsible for the people using their services and to their staff. Many admitted that their personal life had been compromised through the sheer amount of work and commitment needed to continue to operate. As support and complimentary discretionary services from local authorities reduces it is anticipated that feelings of isolation and of being alone in the fight intensify. Personal strains can lead people to become increasingly inward looking and insular, focusing their energy on the people they help, rather than looking for bridging support and collaboration from external networks.

6. Reflections: Social Value at Work in the Heart of Knowsley

As we said at the beginning of this report, this research should be seen as the start of a conversation, and not a conclusive answer. We have observed a range of events and changes, and our aim was to contribute to the discussion. To conclude, we would like to draw on the findings to suggest some key reflective questions for voluntary and community organisations and commissioners:

Reflective questions for voluntary and community organisations

- *How do you define your social value?*
- *How do you evidence the social value you create?*
- *How do you use social value as a lever to influence commissioners and decision makers?*
- *What does social value mean to you?*
- *What support do you need from the sector and commissioners?*
- *How can you influence commissioners and decision-makers?*
- *How will you communicate what social value you create?*
- *How good is your network? How can you reach out beyond your comfort zone and contact other groups or individuals that might be able to help you?*

Reflective questions for commissioners

- *How do you ensure that the outcomes and indicators used for measuring social value remain relevant to the needs of local people?*
- *How do you translate policy aims into practical actions?*
- *How can you embed social value in such a way that it doesn't become an administrative burden on VCOs?*
- *How will you engage the sector more in working collaboratively to achieve national policy and local objectives in the climate of austerity?*
- *How do you ensure that you are making the opportunities associated with social value real for the voluntary and community sector?*
- *How will you ensure that the current diversity of the voluntary and community sector is supported, and that commissioning encourages this?*

Whilst this is the concluding section, we are very clear that this is only the beginning of the debate. You told us some passionate and impressive stories about your journey and it has been a pleasure and a privilege to hear from members of the voluntary and community sector. We hope that our report can make a contribution to the debate. We are very interested in continuing this conversation and look forward to seeing how the sector continues to develop and grow.